









## Town of Erie, Colorado

*Ratings & Insurance Presentation – October 17, 2008*



# Agenda

-  Introductions
-  Overview of the Town
-  Wastewater System
-  Series 2008A & 2008B Bonds
-  Summary
-  Appendix

# Presentation Team



## Town of Erie

[www.erieco.gov](http://www.erieco.gov)

- Andrew Moore, Mayor
- Glenn Massarotti, Mayor Pro-Tem
- Mike Acimovic, Town Administrator
  - (303) 926-2710
  - [macimovic@erieco.gov](mailto:macimovic@erieco.gov)
- Molly Kostelecky, Director of Finance
  - (303) 926-2751
  - [mollyk@erieco.gov](mailto:mollyk@erieco.gov)



## Stifel, Nicolaus & Company

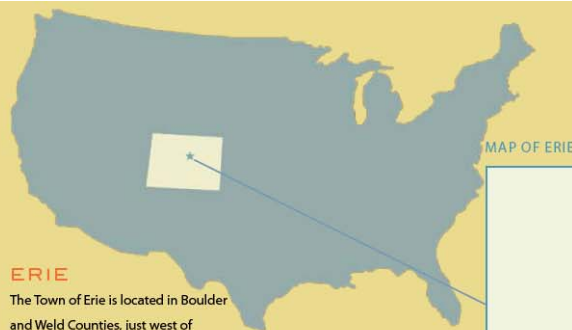
- Vicki Mattox, Managing Director
  - (303) 291-5230
  - [mattoxv@stifel.com](mailto:mattoxv@stifel.com)

# Overview of the Town

# Town of Erie Profile

- 🏡 Statutory town incorporated in 1874
- 🏡 Founded as a coal mining community
- 🏡 Located on the northern fringe of the Denver-Boulder Metropolitan Area – 25 miles north of Denver
  - just west of Interstate 25 between Boulder and Denver
  - Currently 3 interstate interchanges with an additional 3 planned
  - E-470 is just two miles from Erie
- 🏡 Erie is in both Weld & Boulder Counties
- 🏡 Trustee-Administrator form of government
- 🏡 Mayor and six member board serve as the governing body

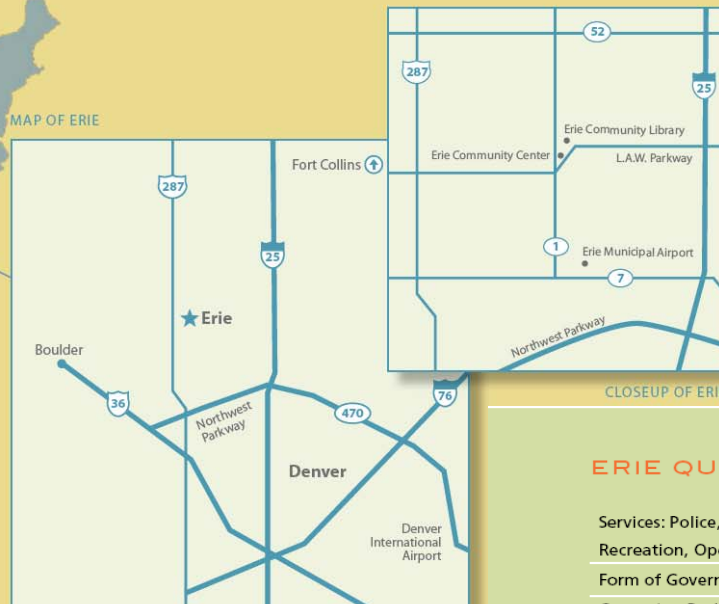
# Town of Erie



## ERIE

The Town of Erie is located in Boulder and Weld Counties, just west of I-25 for easy access to I-70, Denver International Airport and Colorado's entire Front Range. Erie's Planning Area spans 48 square miles, extending from the north side of State Highway 52 south to State Highway 7, and between US 287 on the west and Interstate 25 to the east.

35 Minutes to DIA  
25 Minutes to Denver  
20 Minutes to Boulder



## ERIE QUICK FACTS

Services: Police, Water, Sewer, Street, Storm Drainage, Airport, Parks, Recreation, Open Space

Form of Government: Board of Trustees/Town Administrator

Governing Body: Mayor elected at large to a two-year term; 6 Trustees elected at large to a four-year term

Population - 2007: 16,642

Number of Households - 2007: 6,152

Median Age: 32.5

Median Household Income: \$77,114

Planning Area (square miles): 48

Incorporated (square miles): 14

Acres of Parks and Open Space: 332

2007 Operating Budget: \$120,595,100

Full Time Equivalent Employees: 139

2007 Town Operating Mill Levy: 7.288

2007 Town Total Mill Levy: 18.648

2007 Town Sales and Use Tax Rate: 3.50%

Incorporated: 1874

# Erie: The Community

## Quality Community

Erie is a community which recognizes the importance of conserving and enhancing its historic small town character, the roots from which it grew, preserving the natural environment in which it resides; a caring community which offers its residents an environment in which to seek a high quality life; a balanced community with a diverse range of housing, employment, educational, shopping and recreational opportunities and a vital community which provides financial and social support for quality of life programs.

## Quality of Life

Situated in the heart of Colorado's major population centers and in close proximity to world-class academic institutions, Erie is a full-service community providing state of the art infrastructure to our citizens

Outdoor buffs, young professionals, growing families, and active seniors are drawn to our expansive mountain views, scenic trails, championship golf course and 340 days of sunshine per year.

### WHAT THEY'RE SAYING

"Erie, Colorado is attracting hordes of mountain-loving young professionals unruffled by a 25-minute commute to Denver."

- Sunset Magazine,  
February 2006





# Award Winning Town

## Recent Honors

**Rocky Mountain Water Environment Association (RMWEA) George W. Burke Facility Safety Award – 2008**

Presented to only 1 of approximately 200 utilities in CO, WY and NM for having an active and effective safety program

**RMWEA Accident Free for 10 Years Award – 2008**

**American Planning Association's Outstanding Planning Project Award - 2007**

Comprehensive Plan update/Unified Development Code

**American Council of Engineering Companies Engineering Excellence Award – 2007**

Water Treatment Facility Expansion Project

**Governor's Award for Downtown Excellence – 2006**

Concerts in the Park Series

**State Treasurer's Award for Excellence in Financial Management – 2006**

First Municipal Government to receive this award

**GFOA Distinguished Budget Presentation Award – 2004, 2005, 2006, 2007**

**GFOA Award for Excellence in Financial Reporting – 2004, 2005, 2006**

**Colorado Construction Silver Hat Award – 2005**

Water Treatment Facility Expansion Project

**APWA Utility, Drainage & Environmental Award – 2005**

Water Treatment Facility Expansion Project

**APWA Public Works Project Award – 2005**

Tree Planting Initiative

## WHAT THEY'RE SAYING

"Stewardship of the taxpayer's dollar, managing risk, and commitment to accountability and openness are the hallmarks of sound public financial management. The Town of Erie has made remarkable progress in all three areas."

- Colorado State Treasurer  
Mark Hillman,  
February 2006



# Erie Community Center

\$16.8 Million community center opened late December 2007

## Amenities:

- 63,800 sq ft
- state-of-the-art workout machines
- heated pool with lazy river
- two-story translucent water slide
- indoor running track
- children's play area
- teen room
- 32 ft climbing tower
- racquetball courts
- senior lounge
- solar-powered water heaters
- advanced pool filtration system
- individual workout computer tracking



# State of the Art Library



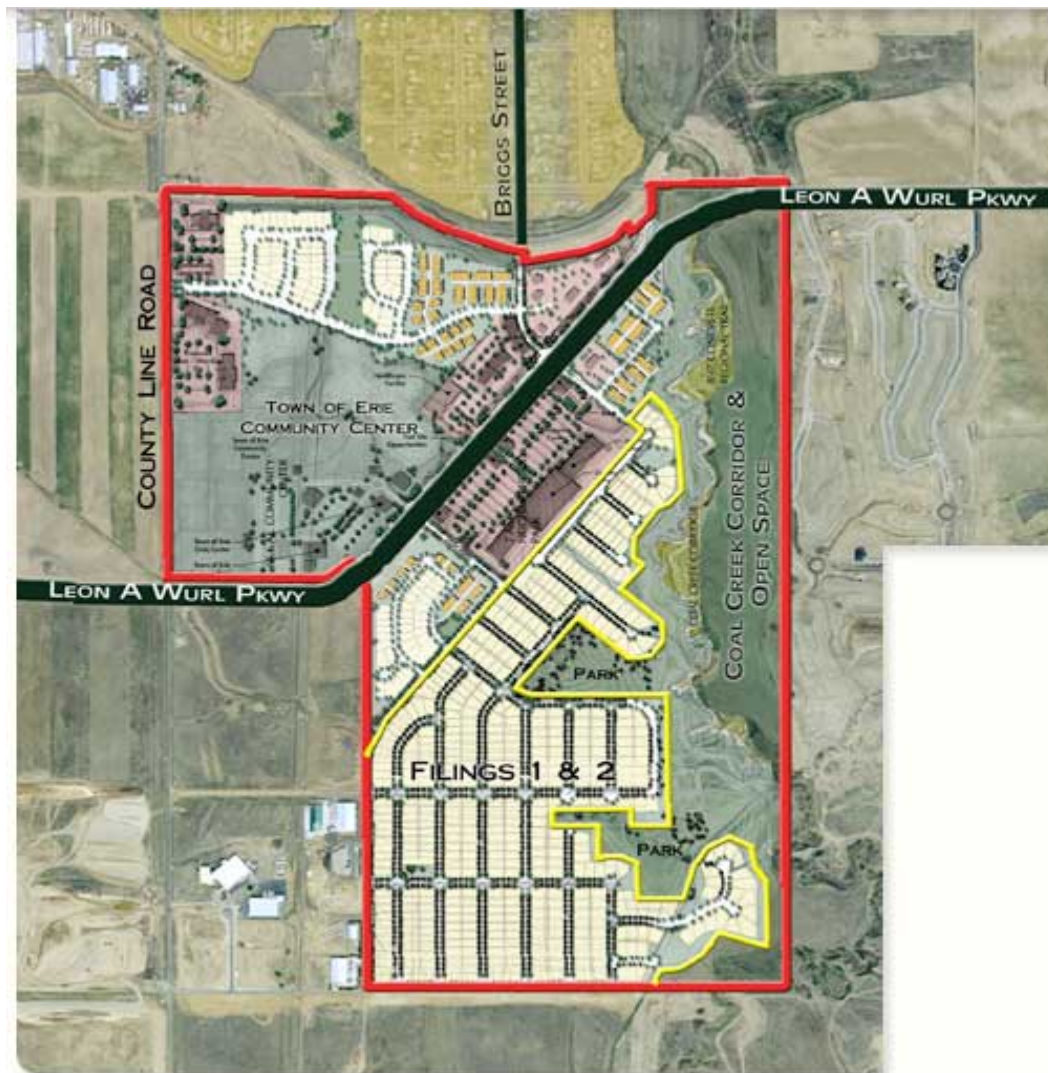
- Opened January 2008
- 22,250 Average items checked out per month
- Over 50,000 books, DVDs and other materials
- 27 public-access computer stations
- 12 mobile laptops
- Reading room with gas fireplace
- Children's activity room
- Express radio-frequency self check-out system
- High-efficiency heating and cooling systems
- Access to High Plains Library District network

# Erie Commons

Erie Commons mixed-use development and Briggs Street Extension integrate the historic Downtown Business District with the town's new commercial core, Community Center, and library

Erie Commons master-planned development features:

- Single and multi-family housing
- Retail and commercial space
- Network of scenic pathways
- Breathtaking mountain views



# Growth: historical & future

Historical Permit Activity				
Town of Erie - Building Permits				
	Residential		Commerical/Industrial	
Year	Untis	Valuation	Permits	Valuation
2003	478	\$ 87,767,115	3	\$ 4,758,676
2004	717	\$ 185,210,129	10	\$ 3,476,978
2005	803	\$ 188,301,796	3	\$ 4,862,241
2006	612	\$ 116,554,370	6	\$ 2,878,000
2007	249	\$ 59,080,987	11	\$ 26,601,742
2008 <sup>(1)</sup>	145	\$ 36,501,478	4	\$ 2,800,000

<sup>(1)</sup> Through August 2008

Future Building Activity			
EXISTING	ACRES	DWELLING UNITS	NOTES
Approved Developments	5,589	7,686	Acreage includes non-residential developments
▪ CO's Issued	-	6,323	
FUTURE GROWTH	ACRES	DWELLING UNITS	NOTES
Applications Under Review	4,362	10,184	Acreage includes non-residential developments
Developments In Discussion	1,770	2,812	Acreage includes non-residential developments



# Erie: Award Winning Master Plan

- 🏡 The Town of Erie received the 2007 Outstanding Planning Project Award from the Colorado Chapter of the American Planning Association for its Comprehensive Master Plan Update and Unified Development Code
- 🏡 Master Plan and Code promoted a balanced mix of uses for the community, allowing for a more flexible approach to future development
- 🏡 Successful new development include the Erie Community Center, Erie Community Library, and Erie Commons

# Board of Trustee Goals

THE BOARD OF TRUSTEES SERVES AS THE LEGISLATIVE AND GOVERNING BODY OF THE TOWN OF ERIE. IT IS RESPONSIBLE FOR ESTABLISHING TOWN POLICIES AND GOALS. THE GOALS GIVE DIRECTION TO TOWN STAFF FOR CONDUCTING THE BUSINESS OF THE TOWN.

## **Growth Management**

*Manage the direction and rate of growth to achieve quality, predictability and sustainability.*

## **Boundaries**

*Continue to establish municipal land use boundaries to achieve community, stability and economic security.*

## **Community Gathering Places**

*Continue to enhance recreational and cultural amenities for all Erie citizens.*

## **Infrastructure**

*Fund and provide essential infrastructure that corresponds with the planned rate of growth.*

## **Financial Responsibility**

*Manage Erie's financial operation in an open, responsible and ethical manner.*

## **Communication**

*Develop additional and continue to promote proactive communication between government and the citizens of Erie.*

## **Education**

*Support educational opportunities for all of Erie's citizens.*

## **Public Safety**

*Maintain a safe community in which to live, work, and play.*

## **Maximize Efficiencies in Government**

*Manage resources to maximize utilization of people, energy, and capital.*

# Wastewater System



# Wastewater System

- 🏡 The System currently serves customers located in the Town's limits only, outside customers may be served by approval of the Board
- 🏡 The System is designated as an Enterprise for TABOR purposes
- 🏡 Administered by the Town Administrator, the Public Works Director and four employees. The Town expects to hire two additional operational staff and two laboratory personnel upon completion of the Project
- 🏡 The Town operates its own wastewater collection system and the South Plant wastewater reclamation facility (SPWF)

# Wastewater System: SWRF

- 🏠 The SWRF was built in 1998 to replace an old facility. The plant was upgraded to 1.2 MGD of capacity in 2003 and upgraded again in 2007.
- 🏠 Current capacity is 1.2 MGD but is being re-rated to 1.6 MGD.
- 🏠 Currently operates at an average of 80% of capacity; however, during 2008, a peak day of 111% was recorded.
- 🏠 SWRF utilizes various physical & biological processes
- 🏠 Staff operates an in-house laboratory

# Wastewater System: Collections

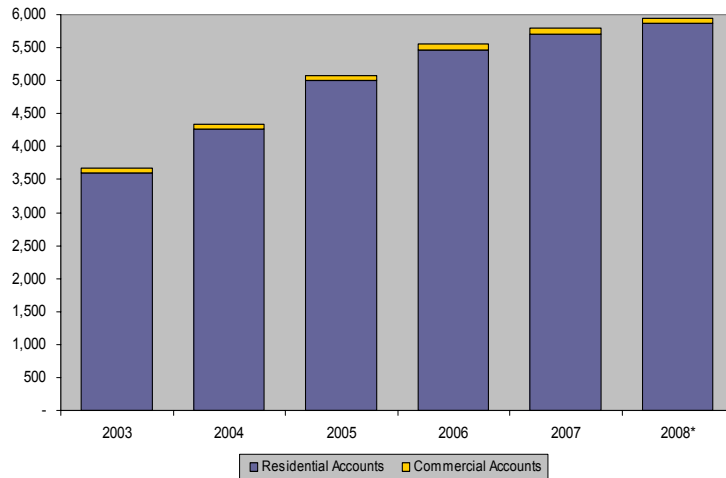
- 🏡 The collection system serves the majority of the homes in the Town; however, certain low-density developments are currently served by individual septic systems
- 🏡 System includes approximately 71 miles of collection system
- 🏡 Lift Stations: The Town operates and maintains one lift station, the Kenosha Farms Lift Station. This lift station lifts from the area north and west of Old Town into the West Side Interceptor. It contains two pumps with a firm capacity of 600 gallons per minute with a total capacity of 1,200 gallons per minute. It is expected that this lift station will be abandoned upon completion of the NWRF.

# Wastewater Improvement Project

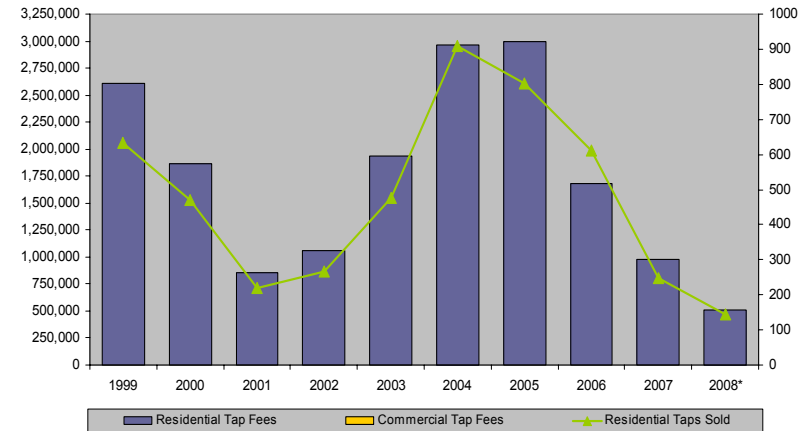
- 🏡 North Water Reclamation Facility
  - ❑ **Phase 1** - 1.5 million gallon per day (MGD) Integrated Fixed-Film Activated Sludge System (IFAS) wastewater facility; easily expandable to 3.5MGD, capable of providing re-usable safe biosolids
  - ❑ Located on Town-owned land north of Highway 52 and east of County Line Road
  - ❑ Provides capacity through 2016
  - ❑ Provisions for producing reclaimed water for landscaping
  - ❑ **Phase 2** – expansion to 3.5 MGD by adding extra blowers, fixed-film media, one clarifier, and providing tertiary filter for reclaimed water
- 🏡 Using design/build methodology
  - ❑ Design/build methodology is efficient and fast
  - ❑ Burns & McDonnell Engineering – Jennison Construction
  - ❑ Proven methodology and team on the Erie Water Plant Expansion
- 🏡 Construction to begin in early 2009 for completion in late 2010.

# Wastewater System

History of Wastewater Accounts

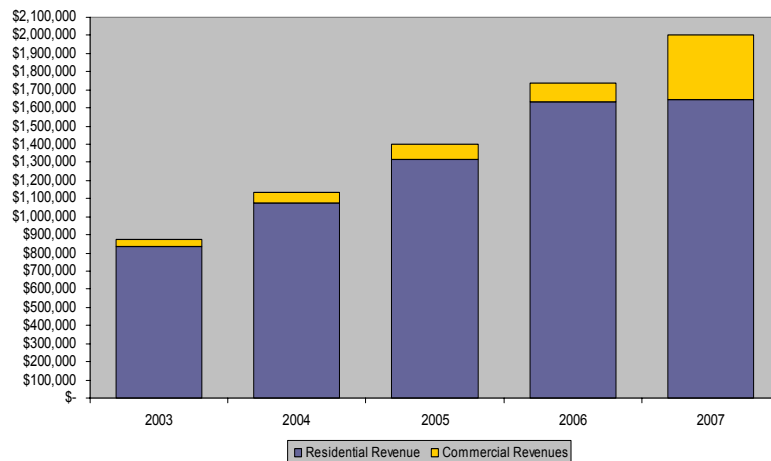


Wastewater Tap Fees



**\* All 2008 data is as of 8-31-08**

History of Operating Revenue by Category



10 Largest Customers of the System 2007

	Revenue	% of Total
School District	\$ 28,346	1.41%
Condominium Complex	\$ 22,800	1.14%
The Town	\$ 11,804	0.59%
Grocery Store	\$ 11,324	0.57%
Convenience Store	\$ 9,010	0.45%
Homeowner's Association	\$ 7,469	0.37%
Retail Center	\$ 5,734	0.29%
Trailer Court	\$ 5,111	0.26%
Golf Course	\$ 3,820	0.19%
Individual	\$ 3,777	0.19%
<b>Total</b>	<b>\$ 109,095</b>	<b>5.46%</b>

# Wastewater System

The Town has retained Red Oak Consulting to develop a comprehensive rate study for its wastewater and water systems. The study is expected to be complete and reviewed by the Board in late 2008. The Town currently expects that rate increases will be adopted by the Board with an effective date of 1-1-09.

The average monthly residential wastewater bill is \$30.25

Tap Fees	
Meter Size	Tap Fee
3/4 inch	\$ 4,000
1 inch	\$ 8,000
1.5 inches	\$ 16,000
2 inches	\$ 32,000
3 inches	\$ 72,000
4 inches	\$ 144,000
6 inches	\$ 376,000
8 inches	\$ 800,000

Wastewater Rates						
Monthly Volume Charge per 1,000 Gallons - Winter Avg. Dec.-Feb.						
Commercial	2003	2004	2005	2006	2007	2008
First 10,000	\$0.00	\$1.88	\$2.43	\$3.24	\$4.21	\$4.21
Next 10,000	\$1.68	\$1.88	\$2.43	\$3.24	\$4.21	\$4.21
Next 10,000	\$1.68	\$1.88	\$2.43	\$3.24	\$4.21	\$4.21
Next 10,000	\$1.68	\$1.88	\$2.43	\$3.24	\$4.21	\$4.21
Next 10,000	\$1.68	\$1.88	\$2.43	\$3.24	\$4.21	\$4.21
Next 10,000	\$1.68	\$1.88	\$2.43	\$3.24	\$4.21	\$4.21
Next 10,000	\$1.68	\$1.88	\$2.43	\$3.24	\$4.21	\$4.21
Next 10,000	\$1.68	\$1.88	\$2.43	\$3.24	\$4.21	\$4.21
Over 80,000	\$1.68	\$1.88	\$2.43	\$3.24	\$4.21	\$4.21
Residential	2003	2004	2005	2006	2007	2008
Per 1,000	\$3.00	\$3.34	\$3.69	\$4.03	\$4.39	\$4.39
Service Charge Per Bill						
Commercial	2003	2004	2005	2006	2007	2008
	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
Residential	2003	2004	2005	2006	2007	2008
	\$8.30	\$8.30	\$8.30	\$8.30	\$8.30	\$8.30

# Wastewater Financial Information

	Wastewater Fund				
	2003	2004	2005	2006	2007
<b>Operating Revenues</b>					
Charges for Services	\$ 873,253	\$ 1,133,672	\$ 1,398,101	\$ 1,738,799	\$ 2,004,146
<b>Operating Expenses <sup>1</sup></b>					
Collection	\$ 47,032	\$ -	\$ -	\$ -	\$ -
Treatment	\$ 334,770	\$ -	\$ -	\$ -	\$ -
Administration	\$ 350,583	\$ -	\$ -	\$ -	\$ -
Personnel Services	\$ -	\$ 695,921	\$ 742,509	\$ 760,084	\$ 834,735
Operations & Maintenance	\$ -	\$ 299,302	\$ 386,331	\$ 466,699	\$ 378,584
Depreciation	\$ 304,163	\$ 398,915	\$ 568,670	\$ 643,288	\$ 705,813
Total Operating Expenses	\$ 1,036,548	\$ 1,394,138	\$ 1,697,510	\$ 1,870,071	\$ 1,919,132
<b>Net Operating Income (Loss)</b>	\$ (163,295)	\$ (260,466)	\$ (299,409)	\$ (131,272)	\$ 85,014
<b>Nonoperating Revenues (Expenses)</b>					
Interest Income	\$ 59,093	\$ 84,605	\$ 269,000	\$ 561,530	\$ 676,203
Other	\$ 21,148	\$ 60,894	\$ 63,397	\$ 66,580	\$ 12,834
Amortization of Debt Issuance Costs	\$ -	\$ (3,487)	\$ (3,573)	\$ (3,730)	\$ (3,887)
Interest Expense	\$ (168,573)	\$ (162,094)	\$ (153,354)	\$ (145,564)	\$ (137,694)
Total Nonoperating Revenue (Expenses)	\$ (88,332)	\$ (20,082)	\$ 175,470	\$ 478,816	\$ 547,456
<b>Income Before Contributions</b>	\$ (251,627)	\$ (280,548)	\$ (123,939)	\$ 347,544	\$ 632,470
Capital Contributions <sup>2</sup>	\$ -	\$ 10,952,492	\$ 4,826,567	\$ 4,149,690	\$ 3,839,485
<b>Change in Net Assets</b>	\$ (251,627)	\$ 10,671,944	\$ 4,702,628	\$ 4,497,234	\$ 4,471,955
<b>Total Net Assets - Beginning</b>	\$ (1,732,269)	\$ 12,734,616	\$ 23,406,560	\$ 28,109,188	\$ 32,606,422
<b>Total Net Assets - Ending <sup>3</sup></b>	\$ (1,983,896)	\$ 23,406,560	\$ 28,109,188	\$ 32,606,422	\$ 37,078,377

<sup>1</sup> In 2004, the Town changed the format for reporting expenses in its audit

<sup>2</sup> In accordance with the provisions of GASB 33 in 2004 the Town began recording capital contributions as revenue rather than as increases to equity

<sup>3</sup> GASB 34 implement in 2004

Current cash on hand is \$14,069,000 (as of 9/30/2008)



# Series 2008A & 2008B Bonds

# Proposed Bonds

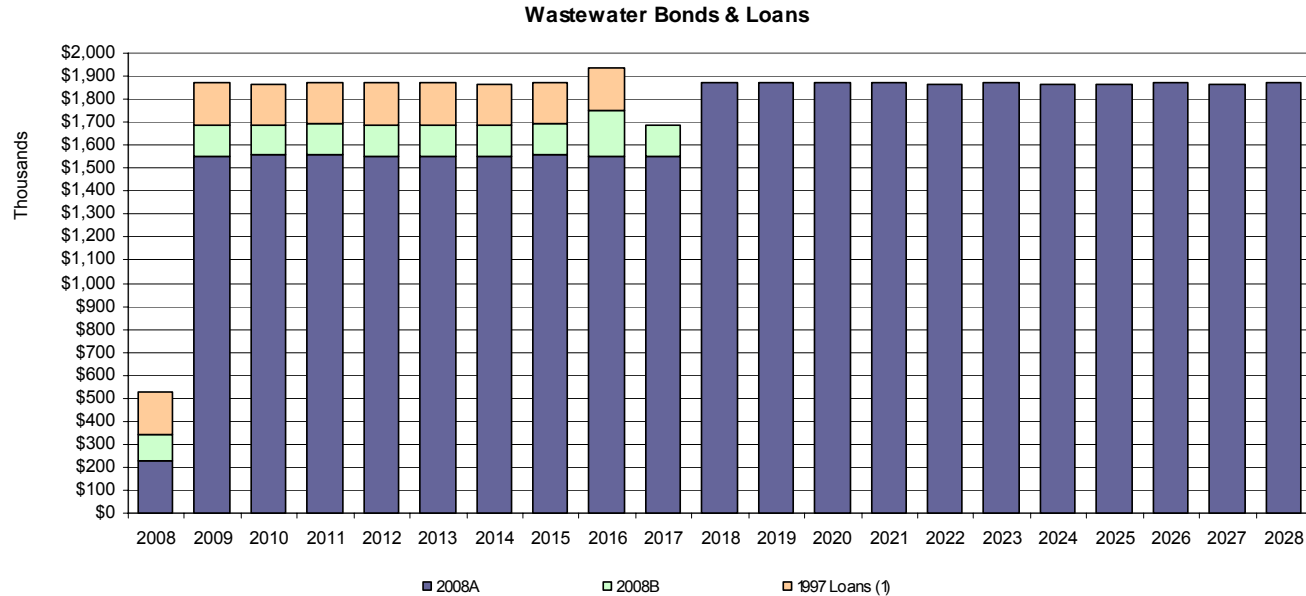
## 2008A Wastewater Enterprise Revenue Bonds:

- \$22.2 Million Estimated
- Wastewater Improvement Project
- Reserve Fund
- Cost of Issuance

## 2008B Wastewater Enterprise Revenue Refunding Bonds:

- \$1.13 Million
- Refund the 1997A Wastewater Enterprise Revenue Bonds
- Reserve Fund
- Cost of Issuance

# Estimated Debt Service & Coverage



(1) Includes the combined principal & interest payable on the 1997 Loans, as well as administrative fees payable to the CWRPDA.

History of Net Revenues and Pro-Forma Debt Service Coverage					
	2003	2004	2005	2006	2007
Gross Revenues					
Charges for Services	\$ 873,253	\$ 1,133,672	\$ 1,398,101	\$ 1,738,799	\$ 2,004,146
Interest Income	\$ 59,093	\$ 84,605	\$ 269,000	\$ 561,530	\$ 607,842
Other Income	\$ 21,148	\$ 60,894	\$ 63,397	\$ 66,580	\$ 12,834
Tap Fees	\$ 1,972,000	\$ 1,964,000	\$ 3,080,000	\$ 1,711,677	\$ 1,164,000
Total Gross Revenues	\$ 2,925,494	\$ 3,243,171	\$ 4,810,498	\$ 4,078,586	\$ 3,788,822
Operation & Maintenance Expenses	\$ 732,385	\$ 995,223	\$ 1,128,840	\$ 1,226,783	\$ 1,213,319
Net Revenues	\$ 2,193,109	\$ 2,247,948	\$ 3,681,658	\$ 2,851,803	\$ 2,575,503
Estimated Combined MADS	\$ 1,933,416	\$ 1,933,416	\$ 1,933,416	\$ 1,933,416	\$ 1,933,416
Pro-Forma Coverage	1.13	1.16	1.90	1.48	1.33

# Bond Covenants

- ▲ By refunding the 1997A Wastewater Enterprise Revenue Bonds all of the remaining outstanding Wastewater bonds and loans will be under one set of covenants
  - Rate Maintenance Covenant
    - Gross revenues will be sufficient to pay O&M Expenses plus 110% of combined parity debt service
  - Debt Service Reserve Account: Standard
  - Additional Bonds
    - Parity Bonds issued when net revenues for any 12 consecutive months out of 18 months preceding are at least equal to 110% of the combined maximum principal and interest requirements of all parity debt and 100% of all other indebtedness payable from net revenues
  - Operations Reserve (Applies only to loans from Colorado Water Resources and Power Development Authority)
    - The Town will maintain an operations and maintenance reserve fund in an amount equal to 25% of O&M expenses excluding depreciation, but in no event greater than \$1,250,000

# Summary

# Summary

- 🏡 Favorable location
  - Easy access to highways
  - Access to jobs
- 🏡 Growing community
- 🏡 Strong economic & demographic factors
- 🏡 Affluent community: site of the 2004 Parade of Homes & award winning golf course
- 🏡 Growing sense of community & community involvement
- 🏡 Expansion of commercial base
- 🏡 Pro-active, sound finances
- 🏡 Strong reserves
- 🏡 Excellent management

# Appendix



# Financial Policies

## Introduction

Financial policies for the Town of Erie provide guidelines for managing its fiscal affairs. These policies should be reviewed annually during the budget process and amended as needed.

## General Policies

**Number of Funds Principle.** The Town of Erie shall establish and maintain those funds required by law and sound financial administration.

**Annual Financial Audit.** The Town of Erie shall have an annual financial audit conducted by an independent auditor, in accordance with the Colorado local government audit law.

**Investment Policy.** The Town of Erie shall manage its investments under the prudent investor rule. The criteria for selecting investments and their order of priority are (1) safety, (2) liquidity, and (3) yield. Investment vehicles are limited to those permitted by Colorado statute.

# Financial Policies

## Financial Planning Policies

**Balanced Budget.** The Town of Erie will balance operating expenditures with operating revenues. Fund balances in the General Fund will be expended only for capital and one-time expenditures unless the Board of Trustees authorizes an exception.

**Long-range Planning.** The Town of Erie will develop a five-year plan for capital improvements and update it annually.

**Asset Inventory.** The Town of Erie will annually inventory and assess the condition of all infrastructure assets. The Town will project its equipment replacement and maintenance needs for five years and update the projection each year.

# Financial Policies

## Revenue Policies

**Unpredictable Revenues.** The Town of Erie will identify those revenues of the General Fund which fluctuate substantially higher or lower than projected. These revenues shall not be used for long-term commitments unrelated to the revenue source.

**Review of Fees.** The Town of Erie will annually review all fees for services, including all fees for licenses, permits, fines and other miscellaneous charges. Fees will be adjusted after considering such factors as inflation, processing time, expense to the Town, comparison to peer towns and cities, and any other factors pertinent to the specific item.

**Utility Fees and Charges.** The Town of Erie will establish fees and charges for water and wastewater utility services at a level sufficient to recover operating expenses, including a pro rata share of general and administrative expenses, routine repairs and replacements, and a portion of debt service related to routine repairs and maintenance. Each year, the Town will review the rates for adequacy and reasonability. At least every five years, the Town will have a professional water and wastewater rate study completed.

**Water and Wastewater Tap Fees.** Water and Wastewater tap fees will not be expended for operating expenses. Tap fees will be used solely for water and wastewater improvements and system expansion pursuant to the Capital Improvements Plans. Tap fees will be reviewed annually to ensure their adequacy. At least every five years, the Town will have a professional water and wastewater tap fee study completed in conjunction with the rate study.

# Financial Policies

## Revenue Policies

**Flood Control and Drainage Fees.** All revenues received by the Town of Erie for the purpose of storm drainage system operations and improvements shall be allocated to the Storm Drainage Fund and be used to fund operations, maintenance, rehabilitation and improvements of the storm drainage system.

**Airport Fees and Charges.** The Town of Erie will establish fees and charges at the municipal airport sufficient to recover all operating expenditures of the Airport Enterprise Fund.

**Recreation Fees.** The Town of Erie will establish fees for recreation programs designed to recover 75% of the cost of Seniors' programs, 50% of the cost of Youth programs, and 100% of the cost of Adult programs. Fee recovery rates will be reviewed annually, including a comparison to peer Towns and Cities.

**Impact Fees.** Impact fees shall be used to fund expenditures for capital facilities needed to serve new development as specified by CRS 29-20-104.5 and CRS 29-1-803. At least every five years, the Town will have a professional impact fee study completed.

**Use of One-time Revenues.** Operating expenditures will not be funded by non-recurring revenue sources.

# Financial Policies

## Expenditure Policies

**Debt Capacity.** Issuance and Management. The Town of Erie will not issue long-term debt to finance current operations. Long-term borrowing will be limited to capital improvements or similar projects with an extended life, which cannot be financed from current revenues. Debt service payments will not extend beyond the estimated useful life of the improvements financed. General obligation debt will not exceed three percent (3%) of the actual value of the taxable property within the Town. The Town of Erie will comply with all bond covenants.

**Inter-fund Loans.** The Town of Erie will establish a repayment plan at the time any inter-fund borrowing is authorized. In order for any loan to be authorized from an enterprise fund to a fund which is not an enterprise fund, the Board of Trustees must authorize the loan by a five-member majority vote of the Trustees present at a regularly scheduled Trustees meeting and the loan term shall not exceed five (5) years.

**Annual Salary Survey.** The Town of Erie will perform an annual salary survey of peer towns and cities to establish employee pay ranges.

# Financial Policies

## Expenditure Policies-continued

**Reserve Policy.** The Town of Erie will maintain minimum reserves or fund balances in its General Fund of twenty-five percent (25%) of the current year's budgeted operating expenditures. Enterprise Funds will achieve a 90-day operating and maintenance expense reserve by January 1, 2008. The actual reserve amount shall be reported in the annual budget and expressed as a percentage of the policies in section 1.D.4. Enterprise Funds will maintain additional reserves equal to or greater than 2% of the book value of the Fund's fixed assets. For the Enterprise Funds, net working capital (current assets less restricted assets and less current liabilities) will be considered fund balance. The Board of Trustees must authorize the use of reserve funds by a majority vote of the Trustees present at a regularly scheduled Trustees meeting.

**Expenditure Accountability.** The Town of Erie will maintain a budgetary control system to ensure it adheres to its adopted budget. Town staff will prepare monthly status reports comparing actual revenues and expenditures to budgeted amounts.

**Inter-fund Transfers:** Inter-fund transfers will comply with state statutes.